

Introduced by Senator PoochigianFebruary 20, 2001

An act to amend Section 70 of the Revenue and Taxation Code, relating to property taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 306, as introduced, Poochigian. Property taxation: new construction.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred.

Existing statutory provisions implementing this constitutional authority provide, among other things, that the terms "newly constructed" and "new construction" do not include either (1) the improvement, upgrade, or replacement of an underground storage tank that is required to be improved, upgraded, or replaced to comply with federal, state, and local regulations on underground storage tanks; or (2) the associated reconstruction of a structure, or any portion thereof.

This bill would specify that these provisions apply to improvements, upgrades, or replacements and reconstructions performed after December 31, 1988, and would define "tank" and "underground storage tank" for these purposes. This bill would also make additional, clarifying changes.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property



tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

The bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 70 of the Revenue and Taxation Code is
2 amended to read:

3 70. (a) “Newly constructed” and “new construction”
4 means:

5 (1) Any addition to real property, whether land or
6 improvements (including fixtures), since the last lien date; and

7 (2) Any alteration of land or of any improvement (including
8 fixtures) since the last lien date that constitutes a major
9 rehabilitation thereof or that converts the property to a different
10 use.

11 (b) Any rehabilitation, renovation, or modernization that
12 converts an improvement or fixture to the substantial equivalent
13 of a new improvement or fixture is a major rehabilitation of that
14 improvement or fixture.

15 (c) Notwithstanding the provisions of subdivisions (a) and (b),
16 where real property has been damaged or destroyed by misfortune
17 or calamity, “newly constructed” and “new construction” does
18 not mean any timely reconstruction of the real property, or portion
19 thereof, where the property after reconstruction is substantially
20 equivalent to the property prior to damage or destruction. Any
21 reconstruction of real property, or portion thereof, that is not
22 substantially equivalent to the damaged or destroyed property,
23 shall be deemed to be new construction and only that portion that
24 exceeds substantially equivalent reconstruction shall have a new
25 base year value determined pursuant to Section 110.1.

26 (d) (1) Notwithstanding the provisions of subdivisions (a) and
27 (b), where a structure must be improved to comply with local
28 ordinances on seismic safety, “newly constructed” and “new



construction” does not mean the portion of reconstruction or improvement to a structure, constructed of unreinforced masonry bearing wall construction, necessary to comply with the local ordinance. This exclusion shall remain in effect during the first 15 years following that reconstruction or improvement (unless the property is purchased or changes ownership during that period, in which case the provisions of Chapter 2 (commencing with Section 60) of this division shall apply).

(2) In the sixteenth year following the reconstruction or improvement referred to in paragraph (1), the assessor shall place on the roll the current full cash value of the portion of reconstruction or improvement to the structure that was excluded pursuant to this subdivision.

(3) The governing body that enacted the local ordinance shall issue a certificate of compliance upon the request of the owner who, pursuant to a notice or permit issued by the governing body that specified that the reconstruction or improvement is necessary to comply with a seismic safety ordinance, so reconstructs or improves his or her structure in accordance with the ordinance. The certificate of compliance shall be filed by the property owner with the county assessor on or before the following April 15. The provisions of this subdivision shall not apply to any structure for which a certificate is not filed.

(e) (1) Notwithstanding the provisions of subdivisions (a) and (b), where a tank must be improved, upgraded, or replaced to comply with federal, state, and local regulations on underground storage tanks, “newly constructed” and “new construction” does not mean the improvement, upgrade, or replacement of a tank to meet compliance standards, and the improvement, upgrade, or replacement shall be considered to have been performed for the purpose of normal maintenance and repair.

(2) Notwithstanding the provisions of subdivisions (a) and (b), where a structure, or any portion thereof, was reconstructed, as a consequence of completing work on an underground storage tank to comply with federal, state, and local regulations on these tanks, *“newly constructed” and “new construction” does not mean the timely reconstruction of the structure shall be considered to have been performed for the purpose of normal maintenance and repair, or any portion thereof*, where the structure, or portion thereof, after reconstruction is substantially equivalent to the prior structure in

1 size, utility, and function; *and, in that event, that timely*
2 *reconstruction shall be considered to have been performed for the*
3 *purpose of normal maintenance and repair.*

4 (3) *Paragraphs (1) and (2) apply to improvements, upgrades,*
5 *or replacements and reconstructions performed after December*
6 *31, 1988. For the purposes of this subdivision, “tank” and*
7 *“underground storage tank” shall have the same meaning set forth*
8 *in Section 25299.24 of the Health and Safety Code.*

9 SEC. 2. The Legislature finds and declares that the changes
10 made to Section 70 of the Revenue and Taxation Code by this act
11 at the 2001–02 Regular Session are a clarification of existing law.

12 SEC. 3. Notwithstanding Section 2229 of the Revenue and
13 Taxation Code, no appropriation is made by this act and the state
14 shall not reimburse any local agency for any property tax revenues
15 lost by it pursuant to this act.

16 SEC. 4. This act provides for a tax levy within the meaning of
17 Article IV of the Constitution and shall go into immediate effect.

